

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1426-04
Bill No.: SCS for HB 556
Subject: Children and Minors; Courts; Social Services Department
Type: Original
Date: April 17, 2015

Bill Summary: This proposal modifies provisions relating to children and families.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
General Revenue	(Unknown, greater than \$1,838,805)	(Unknown, greater than \$2,243,873)	(Unknown, greater than \$2,298,361)
Total Estimated Net Effect on General Revenue	(Unknown, greater than \$1,838,805)	(Unknown, greater than \$2,243,873)	(Unknown, greater than \$2,298,361)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
General Revenue	2	2	2
Total Estimated Net Effect on FTE	2	2	2

☒ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

§192.390 - Amino acid-based elemental formulas

Officials from the **Department of Health and Senior Services (DHSS)** state that according to the Children's Milk Allergy and Gastrointestinal Coalition (MAGIC), it is estimated that up 0.1 percent of the total U.S. infant and children's population requires the amino acid-based elemental formula for proper life sustaining nutrition. The amount of time needed to be on the formula varies for each individual. According to MAGIC, children typically need the formula for a period of two years or less, and the majority of children will outgrow their allergies or conditions by age five.

The population of Missouri age birth to five is 390,237 (2010 census data). It is estimated that 390 (0.1 percent) of this population has a need for the formula. Currently, these formulas are covered through the state Medicaid program, the Women, Infants, and Children's Program (WIC), and the Children and Youth with Special Health Care Needs Program (CYSHCN) for those meeting income eligibility. Health plans in Missouri are not mandated for coverage of this formula. Since the legislation does not specify that DHSS is to be payer of last resort, no assumption is made that Medicaid, WIC, or CYSHCN will continue to provide this formula for those children enrolled in these programs. Therefore, it is estimated that 100% of this population (390 individuals) will not be covered through health plans or any other existing state program. According to information available on MAGIC's website, the annual average cost of elemental formula per year is \$5,075. The total cost of providing the formula to the children up to age five who would need assistance from DHSS is estimated at \$1,979,250 (\$5,075 x 390 individuals).

The percentage of individuals needing the formula beyond age five is estimated at significantly less than 0.1 percent for conditions that are not outgrown and would need the formula for life sustenance. Since the DHSS would be required to provide the formula based on family income and federal poverty guidelines for those above age five (coverage would be specific to each individual), the amount of funds needed to provide coverage for this population is unknown.

By rule, the Metabolic Formula Program currently provides one annual medical examination by a physician at 80 percent of billed costs. This examination verifies medical need and provides the prescription for the formula. It is assumed that this medical examination would be provided for the new participants as well at an average cost of \$200 per examination for a total cost of \$78,000 (\$200 x 390 individuals).

ASSUMPTION (continued)

The DHSS Metabolic Formula Program would require two additional HPR II (annual salary of \$34,944, each) positions in order to provide the following duties: enrolling participants in the program, contracting with formula companies and coordinating shipments of formula from the companies to the participants, verifying continued participant income and medical eligibility, payment of formula invoices, development of program rules, develop and maintain information to put on the DHSS web site, develop program manual, develop program forms, and respond to inquiries about the formula coverage by phone, email and written correspondence.

Total estimated costs to the General Revenue Fund for FY 2016 are unknown, greater than \$1,838,805; FY 2017 are unknown, greater than \$2,243,873; and FY 2018 costs are unknown, greater than \$2,298,361.

Bill as a whole:

For the purpose of this proposed legislation, officials from the **Office of State Public Defender (SPD)** cannot assume that existing staff will provide competent, effective representation for any new cases where indigent persons are charged with the proposed new crime of unlawful contact with a victim of a sexual offense.

While the number of new cases (or cases with increased penalties) may be too few or uncertain to request additional funding for this specific bill, the SPD will continue to request sufficient appropriations to provide effective representation in all cases.

Oversight assumes the SPD can absorb the additional caseload that may result from this proposal.

Officials from the **Department of Mental Health**, the **Department of Corrections**, the **Department of Public Safety**, **Missouri State Highway Patrol**, the **Department of Social Services**, the **Joint Committee on Administrative Rules**, the **Missouri Office of Prosecution Services** and the **Office of State Courts Administrator** each assume the proposal would not fiscally impact their respective agencies.

Officials from the **Office of Secretary of State** did not respond to Oversight's request for a statement of fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
GENERAL REVENUE FUND			
<u>Costs - DHSS (\$192.390)</u>			
Salaries	(\$58,240)	(\$70,587)	(\$71,293)
Fringe benefits	(\$30,288)	(\$36,709)	(\$37,076)
Equipment and expense	(\$35,902)	(\$27,896)	(\$28,593)
Formula & Medical Exams	(Unknown, greater than \$1,714,375)	(Unknown, greater than \$2,108,681)	(Unknown, greater than \$2,161,399)
Total <u>Costs</u> - DHSS	(Unknown, greater than \$1,838,805)	(Unknown, greater than \$2,243,873)	(Unknown, greater than \$2,298,361)
FTE Change - DHSS	2 FTE	2 FTE	2 FTE
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	<u>(Unknown, greater than \$1,838,805)</u>	<u>(Unknown, greater than \$2,243,873)</u>	<u>(Unknown, greater than \$2,298,361)</u>
Estimated Net FTE Change on the General Revenue Fund	2 FTE	2 FTE	2 FTE
 <u>FISCAL IMPACT - Local Government</u>	 FY 2016 (10 Mo.)	 FY 2017	 FY 2018
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

This proposal requires the state to provide coverage for amino acid-based elemental formulas for individuals with certain food allergies and conditions.

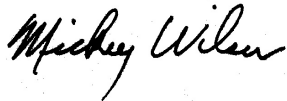
This legislation is not federally mandated and would not duplicate any other program but may require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Health and Senior Services
Department of Mental Health
Department of Corrections
Department of Public Safety -
 Missouri State Highway Patrol
Department of Social Services
Missouri Office of Prosecution Services
Office of State Courts Administrator
Office of State Public Defender

Not Responding:

Office of Secretary of State



Mickey Wilson, CPA
Director
April 17, 2015

Ross Strobe
Assistant Director
April 17, 2015